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USSR Report

INTERNATIONAL ECONOMIC RELATIONS



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TRADE WITH INDUSTRIALIZED COUNTRIES

SOVIET-SPANISH TRADE, TECHNICAL COOPERATION EXAMINED

Moscow APN DAILY REVIEW in English, 10 May 84 pp 1-3

[Article by V. Chernyshov, PRAVDA staff correspondent, dateline Madrid under the rubric: "Soviet-Spanish Cooperation"]

[Text] The groundwork for cooperation between the USSR and Spain in the commercial field was provided by the trade agreement the two countries signed in September 1972 and the opening of their trade offices in Moscow and Madrid. Compared with 1973, trade between the two countries has grown in volume by more than 13 times. The Soviet Union purchases traditional Spanish export commodities, including metals, chemicals, leather, citrus fruit, wine, olive oil and almonds. The USSR supplies Spain with oil and oil products, chemicals, timber, mining equipment and motor vehicles, particularly with Niva cars which are much in demand there.

A firm, recently established in Spain, will sell Soviet tractors and spare parts and engage in the aftersale servicing of 3,500 Soviet tractors working the fields of Spain. Farmers in Andalusia, Catalonia and other districts have a good word to say about Kirovets tractors made in Leningrad and machinery manufactured in Minsk, Vladimir and Lipetsk.

Joint Soviet-Spanish companies do much to promote economic links between the two countries. Thus, Sovhispan caters for Soviet fishing boats calling at the Canary Islands. Intramar serves Soviet ships in Spanish ports. Sokimes deals in chemicals. Maderas Rusas imports Soviet timber and exports paper products, packaging materials and other commodities to the USSR.

The Soviet-Spanish agreement on scientific and technological cooperation helps to increase the exchange of experts in basic and applied research and to develop links in medicine, the power and chemical industries, agriculture and transport. In particular, durable contacts have been established between Soviet coal experts and the Spanish firm HUNOSA. Exchanges are growing between the USSR Academy of Sciences and Spain's Council for Scientific Research.

The agreement on economic and industrial cooperation the two countries signed in February this year would provide a major impetus to Soviet-Spanish contacts.

In this way, major steps have been made to increase economic ties between the two countries. However, as the sides agree, the level of these ties is below their possibilities. Trade between the USSR and Spain holds a modest place in their overall foreign trade, and much could be made to intensify contacts in industry and technology.

Deprived of truthful information about the Soviet Union for many years, the Spaniards are eager to learn more about the life of the Soviet people. This is confirmed, in particular, by the activities of the Spain-USSR Association set up in August, 1979. The Association has branches in all major Spanish cities. They organise Soviet film festivals, exhibitions, concerts and get-togethers with Soviet public personalities, scientists, authors, artists and journalists. People always pack halls when such undertakings take place. Russian and Soviet literature, particularly, books on the Soviet economy, science, culture and sport sell well on Spain's fairly big book market. The two countries are vigorously developing contacts in art.

Much is being done and this gladdens all who want to see relations between the two countries even better and who are sure that this process meets the interests of the Spanish and Soviet peoples. However, there are forces in Spain who would hate to see such a change for the better, who live in the past, would like to reverse the course of history, allege that it is dangerous to have closer links with Russia, sow mistrust with regard to the USSR's foreign policy of peace and intimidate the public by "the threat from the East." However, less and less Spaniards believe such concoctions.

In the short period of seven years since the establishment of diplomatic relations between the two countries the Soviet Union and Spain have registered advances in the development of contacts in various fields.

An important event was the exchange of visits by their foreign ministers who set forth their governments' viewpoints as regards a wide range of international issues and defined the principles of cooperation between the USSR and Spain in accordance with the UN Charter and the Final Act of the Helsinki Conference for Security and Cooperation in Europe. The Soviet Union and Spain have reaffirmed their resolve to promote world peace and international security through detente and disarmament and have declared their readiness to use every effort to develop bilateral cooperation in politics, trade, science, technology, culture and sport. Now it is necessary to pave the way to mutually advantageous cooperation in the interests of the two nations and of stronger peace. (PRAVDA, May 10, Abridged.)

CSO: 1812/187

TRADE WITH INDUSTRIALIZED COUNTRIES

BRIEFS

ITALIAN-SOVIET SYMPOSIUM--Moscow, 12 Apr (TASS)--The first Italian-Soviet symposium on the development of deposits of oil and gas on the continental shelf ended today at the Moscow Centre of International Trade. The symposium was organized under the auspices of the USSR State Committee for Science and Technology by the Italian concerns "ENI" and "IRI." Some 200 experts from the two countries took part in the symposium. They were discussing questions connected with prospecting for deposits, oil and gas extraction and transportation, as well as the systems of management and control. This symposium is one of the most representative symposiums with the participation of foreign firms ever held in Moscow on this theme. Soviet specialists are of the opinion that there are favorable opportunities for cooperation of Soviet organizations with Italian firms which have certain experience in the manufacture of platforms and other types of equipment for rigorous conditions. [Excerpts] [LD140226 Moscow TASS in English 1933 GMT 12 Apr 84]

BRITISH TECHNOLOGY WEEK OVER--Moscow, 12 Apr (TASS)--The British week of technology sponsored by the British Overseas Trade Board and the London Chamber of Commerce and Industry ended here today. Experts of over 30 British firms offered to their Soviet colleagues 46 papers and reports comprising a wide range of branches of science and technology. [Excerpt] [LD140226 Moscow TASS in English 1935 GMT 12 Apr 84]

CSO: 1812/187

TRADE WITH LDC'S

STRUCTURE, PLANS FOR GREATER CEMA-LDC ECONOMIC COOPERATION

Moscow IZVESTIYA AKADEMII NAUK SSSR: SERIYA EKONOMICHESKAYA in Russian
No 2, Mar-Apr 84 (signed to press 24 Feb 84) pp 78-88

[Article by G.M. Prokhorov: "Certain Problems in the Formation of an International Division of Labor Among Socialist and Developing Countries"]

[Excerpts] This article examines certain problems in the formation and further deepening of an international division of labor among socialist and developing countries, as the basis for their equal and mutually-advantageous cooperation.

Special attention is given to the creation of economic structures which complement one another, and the development of industrial cooperation and collaboration on a multilateral basis.

Increasing equality and mutually-advantageous cooperation with the developing states is one of the main directions of the foreign-economic activities of the countries of the socialist commonwealth...

Although the countries of the socialist commonwealth and the developing states do have differing social systems and differing levels of development, their economic and certain of their social interests coincide in many ways. On this basis, it is increasingly important to organize an international division of labor which would completely correspond to the nature of the relationship and the interests of each of the collaborating partners in the group of socialist countries as well as in the group of developing countries.

Historically, it has come to pass that the states of Asia, Africa and Latin America have begun to arrange economic ties with the socialist countries, based on the commodity composition and certain other features of international division of labor which had taken shape within the framework of the world capitalist economy. It goes without saying that the latter does not correspond to the goals and principles of the mutually-advantageous economic ties of the new type, which have arisen between the socialist and the liberated countries. However, at first there was no other economic foundation for these ties. It was necessary to create one, and it is being gradually established in proportion to the level of economy of the countries which belong to these two groups, and in proportion to the development and deepening of the economic ties among them.

During the three decades of active economic cooperation between the socialist and the developing states a definite step has been taken in the direction of organizing a stable international division of labor between them. This division of labor, which is based on equal rights, corresponds to the nature of their relations, and emerges in the world arena as a rational and democratic alternative to the international capitalist division of labor. Testifying to this is the relatively rapid and stable growth in the volume of economic ties: trade volume between the socialist CEMA member nations and the developing states increased from 1.7 billion rubles in 1960 to 5 billion in 1970, and to 26 billion in 1980 [4, 1971, p 342; 5, 1982, Vol VI, No 24 p 19].*

The volume of economic and technical cooperation rendered to the developing states by the CEMA nations is growing year by year: at the beginning of 1982, nearly 3,500 industrial and other projects were built and put into operation with the cooperation of the CEMA nations in Asia, Africa and Latin America; and an additional 1,500 were being built or had been planned for construction¹ [6, 1983, No 1, p 57].

The positive results of such economic cooperation might be more significant, had they not been held back by a number of factors. The most important of these is the still-insufficient state of development and stability of the division of labor between the aforementioned two groups of countries. And this in turn depends mainly on the degree to which the two groups complement one another in terms of the manufacturing and other economic structures; on the volume, structure and orientation of export products; and also on the introduction of the forms of relations which would best provide reliable and long-term ties.

The system of a mutually-complementing structure is understood to mean the actual degree to which the national economies of the partner nations complement one another in such important elements of social production as natural, raw material and human resources; capacity for producing goods and rendering services; the scientific-technical potential and the achieved level of scientific research and elaboration; transportation services, and the market volume.

The degree to which economic structures complement one another and the international division of labor are closely interrelated. Moreover, the mutually-complementary state is both the initial premise and the condition, and to a certain degree the result, of the international division of labor. Without mutual complementarity, organization of an economically-advantageous division of labor is extremely difficult. In the same manner, without a developed international division of labor, it is not possible to further increase the degree to which the economic structures complement one another; for labor is the main and the deciding factor which transforms this or that natural resource or element of production and scientific-technical potential into products for the international exchange of human activities.

* The numbers in brackets refer to the bibliography on the last page.

From analysis of the development of the economy of the countries of the socialist commonwealth over the last three decades it follows that the mutual complementarity of their economic structures was and remains the fundamental factor for the organization of specialization and cooperation in production and integrated processes on the whole within the framework of the world socialist system of management, as well as for the deepening of their economic cooperation. The following circumstance is of principal significance: that, in accordance with the degree of development of the economy of certain countries and the deepening of integration and cooperation between them, the mutual complementarity of the economic structures not only does not weaken but increases still more by virtue of creation of new productions and branches, intended to satisfy the requirements of not one but several countries, which either depend on foreign sources of raw materials, or energy, assembled components and parts.

The potential for mutual complementarity of the economic structures of the socialist and many of the developing countries is quite clear; however, it still does not have a great deal of influence on the economic ties between these two groups of countries because of the fact that the developing countries are within the system of the world capitalist economy; CEMA countries received only a 3.4 per cent share of the total volume of their foreign trade in 1980; the developing countries occupy about 12 per cent of the foreign trade turnover of the CEMA countries.² For a number of reasons there is still a certain incongruity between the achieved level of exchange and the potential for the existence of mutual complementarity in the economic structures of the socialist and the developing countries, which can be distinctly traced according to the basic elements of production and many of the goods in international trade. The developing countries possess certain kinds of natural resources which the socialist countries lack, or for which domestic processing would be too expensive. Here one should cite primarily phosphorus-bearing raw materials, bauxites, copper, iron and manganese ores, tin, antimony and other nonferrous metals in which the developing countries are large exporters on the world market. At the end of the 1970's, the developing countries exported 92.6 per cent of the world's oil; 46.7 per cent of iron ore; 85.6 per cent of blister copper; 88.3 per cent of the tin, and over 50 per cent of the production of bauxites (socialist countries excluded) [7]...

There are also quite a few potential opportunities for mutual complementarity of the scientific-technical potentials of the two groups of countries. Although in the area of scientific-technical potential the socialist countries surpass the developing states by a factor of 6 or 7, the latter have achieved results in certain scientific research and elaboration work, or have achieved innovations, which are of great interest for the CEMA countries as well.

If one takes such an important element of production as manpower, the resources of the developing countries significantly exceed not only those of the socialist but of all the industrially developed states in the world. Development of these resources, that is, training them for rational and effective activities and utilizing them more completely, meets the needs of both the developing states and the socialist countries, and the interests of progress of all humanity.

In the 1960's and 70's, genuine positive structural improvements took place in the economy of the socialist countries, along with stable growth. For example, the proportion of industry in the production of the national income in Bulgaria increased from 47.3 per cent in 1960 to 51 per cent in 1980; in Hungary for the same period, from 37.6 to 50.8 per cent; in Romania, from 42.1 to 59.3 per cent. And the proportion of machine building and metal processing in industrial production increased for that same period from 12.2 to 28.4 per cent in Bulgaria; from 25.1 to 30.0 per cent in Hungary; and from 24.3 to 35.5 per cent in Romania [4, 1982, p 41, 67]. There was also significant growth in the proportion of production of the chemical industry.

Significant structural improvements took place also in the region of the developing countries. Among the most important of them the following should be noted:

1. Higher growth rates for development of industry in comparison with the other branches of the economy of the countries of the region and in comparison with the developed capitalist states. During the period 1950-1980, the physical volume of industrial production in the developing countries increased by a factor of 6.5, but in the developed capitalist states, the factor of increase was 3.8. The average annual growth rates correspondingly amounted to 6.4 and 4.5 per cent [8, p 9]. As a result there was an increase in industry's share of the gross domestic product of the developing countries (In 1980 it reached 26 per cent as opposed to 15.9 per cent in 1950), and their share in the industrial production of the capitalist world increased during this period (1950-1980) from 8.5 to 15.5 per cent [3, 11. VIII. 1982].
2. Along with the enormous increase in oil extraction in the region (In 1981 it amounted to 1,300,000,000 tons) there was significant development in ferrous and nonferrous metallurgy. In 1981 40 million tons of pig iron and 59 million tons of steel was produced in the developing countries [8, p 37, 42], which correspondingly amounted to 12.7 and 13 per cent of the production of these kinds of products in the capitalist world.
3. There was rather intensive growth in the production of construction materials and the consumer goods imported in exchange for them.
4. In many of the countries of the region, chiefly at the enterprises which were completely or partially owned by transnational and other foreign companies, production had been set up for radio receivers, tape recorders, television sets, air conditioners, refrigerators, washing machines and other domestic articles. Moreover, these goods are being produced with modern technology in accordance with the requirements of the world market.
5. At the enterprises established primarily on the basis of cooperation with foreign companies, assembly lines were set up for trucks, buses, tractors and other agricultural machinery, as well as for production of detergents, plastics and medicinal preparations.

The countries of the socialist commonwealth have made a large positive contribution to the structural processes in the economies of the developing states. Built and put into operation in the developing countries at the beginning of 1982 with the economic and technical cooperation of the CEMA nations, were 49 enterprises of ferrous and more than 20 of nonferrous metallurgy, 35 facilities in the coal industry, more than 150 in machine building and metal working, 140 enterprises and facilities in the chemical industry and nearly 580 in food and 200 in light industry [13].³

The capacities of only those enterprises and projects which had been built with the cooperation of the Soviet Union and put into operation in January 1982 will permit annual production of nearly 40 billion kwh of electrical energy, 12.4 million tons of pig iron, 10.2 million tons of steel, 7.5 million tons of sheet iron, more than 1.5 million tons of cement, and the refining of 11.6 million tons of oil [14]. And the total capacity for the enterprises envisaged through contracts for cooperation between all CEMA nations and the developing states as of 1 January 1980, for example, amounts to 30 million tons of steel; 67 million tons of oil; 22 million tons of coal and 2.5 million tons of bauxite [15]. Along with those branches which produce the means of production, in the process of cooperation new ones of considerable capacity have been established as well in the enterprises which produce manufactured consumer goods (fabrics, shoes, clothes, knitted wear and radio-technical articles) and in food industry production as well.

With the cooperation of the USSR and the other CEMA nations, in a number of developing countries which have become important partners in cooperation, complexes have been established which include the basic stages of the production cycle for manufacture of the most important kinds of products. Thus, in India, for example, two complexes for production of ferrous metals have been built in Bhilai and Bokaro, and one more is being built; as well as complexes for production of aluminum, for extraction and refining of oil, and for production of power engineering and mining equipment. In Afghanistan a complex has been created for extracting and processing of natural gas; in Iraq for extraction of oil; in Iran, for production of ferrous metals; in Egypt and Syria, large hydraulic power engineering complexes with groups of enterprises which consume the electrical power...

Structural improvements in the production of the developing countries have also affected to one degree or another their participation in world trade. These countries have already become large suppliers to the world market of certain kinds of finished products, including even such as radio receivers and watches. In 1979 the proportion of finished products in the total volume of exports of developing countries reached 19 per cent [13, p 88]. In 1980, of the total volume of sales on the world capitalist market [14], these countries accounted for nearly 40 per cent of the exports of clothing; nearly 27 per cent of the cotton fabrics and 21 per cent of the shoes; 28.6 per cent of the watches and 31.9 per cent of the radios.

Along with the manufactured consumer goods, exports of the developing countries increasingly include machinery and equipment: the proportion of these goods in the total exports of the developing countries increased from 2.6 per cent in 1970 to 5.2 per cent in 1979; in India's exports, the proportion of machinery and equipment reached 7.4 per cent in 1979, and in Brazil 16 per cent [13, pp 108, 115, 128].

In 1979, 62.4 per cent of the finished products exported by the developing countries, as well as 76.1 per cent of the fuel and 71.3 of the ores and metals, were sold on the markets of the capitalist states [13, p 88]. The proportion of finished products in the exports of the developing countries to the developed capitalist countries in 1979 amounted to 16.8 per cent [13, p 88]. At the end of the 1970's, the industrially developed capitalist countries who were members of OECD received from the developing states more than 30 per cent of the clothes, over 20 per cent of the leather and shoes and processed food products, a significant amount of the cotton fabrics, knitted articles and furniture, and nearly 5 per cent of the machinery and equipment [15, 16]. It goes without saying that one cannot but take into consideration the fact that a significant part of the industrial production of the developing states which is exported to the developed capitalist countries, is produced at enterprises which belong to the companies of these countries or which were organized with their participation. This points to the high degree to which the developing countries depend on the capitalist states in the sphere of sales of industrial production...

The countries of the socialist commonwealth are rendering economic and technical assistance to one another and above all to the developing countries (and basically) in the creation and development of those branches and manufactures in which they themselves have made sufficient progress, achieved a high technical level and have the necessary experience. And thereby the CEMA member nations are supporting the formation of branch and industrial structures similar to their own in the partner countries with whom they are cooperating.

The basic part of the entire volume of economic and technical cooperation of the USSR and the other CEMA nations to the developing states falls to industry (nearly 70 per cent), and in it, to the branches which produce the means of production, including electrical power engineering.

Analysis reveals that the objective economic law of increasing demand is being more actively displayed in the region of the developing countries.

Noticable improvements have also taken place in the structure and volumes of the imports of the CEMA nations from the developing states. Payment for them comes from revenues not only from commodity exports, which includes delivery of assembled equipment, but also from the technical assistance rendered and from various kinds of services, which includes transportation of freight as well. Along with the traditional export commodities from developing countries, the imports of the CEMA nations include more and more products from enterprises established there with the assistance of these. For example, during the years 1976-1980, imports of such goods to the Soviet Union from the developing states amounted to 2.8 billion rubles. Included in this figure was more than 41.1 billion cubic meters of natural gas, 23.4 million tons of oil, 11.6 million tons of bauxite, nearly 240,000 tons of aluminum oxide, 536,000 tons of pig iron, 220,000 tons of rolled ferrous metals [5, 1981, Vol IV, No 171, p 21], preserves and other goods. In 1981 and 1982, the USSR received from facilities built with the assistance of Soviet organizations, goods valued at over 850,000,000 rubles, which amounts to about 9 per cent of all imports from developing countries. Received from

India, among other things, were products from heavy machine-building and mining equipment manufacturing plants [5, 1983, Vol IV, No 18, p 21]. The articles received from the developing states are easily sold in the market of the socialist countries. And such goods as fabrics, knitted articles, clothes and shoes, and detergents are in great demand.

Many of the developing states which have already achieved a relatively high level of industrial production can offer to the socialist countries far more finished products, which meet the requirements of the world market, than the latter purchase from them at the present time. Opportunities for exporting finished products are rapidly growing among the developing states, and along with them their interest in increasing deliveries to the socialist market is growing as well. And for the CEMA countries this is creating a very real problem for significantly increasing import of finished products from the developing states and expanding mutual trade both in consumer goods and food products as well as in machine-building production...

Obviously, a long-term program (15-20 years) should become the basic contract activity for the partners. Not being directive in nature, it could, we are convinced, actively serve to realize the interests of each participant and at the same time create the impulse for action on implementing national and international measures on organizing a mutually-complementing economic system and for deepening the international division of labor.

An important condition for joint development of such a "working" program for formation of mutually-complementing economic structures is the well-adjusted cooperation of the planning organs of the socialist and the developing countries. This would permit the partner nations to better understand each other's capabilities and needs for mutual supply of the goods in which they have an interest and the prospects for expanding their production, and to determine necessary measures for cooperation in this direction. Within the framework for cooperation of the planning organs of the socialist and the developing countries, could be revealed the expedience and the ways for establishing mutually-complementing production on the territory of each of the partners--based on more complete utilization of resources and conditions for production of this or that product, and guided by the tasks of deepening mutual ties and increasing their effectiveness.

In the course of implementing mutually-coordinated programs and for the purpose of further developing them, each partner nation could, obviously, work out its own more detailed plan of measures for organizing mutually-complementing economic structures; in these it would be fitting to envisage establishing and expanding the specific products and enterprises which would be necessary to assure growing ties with this or that partner, territorial arrangements for these manufactures (or enterprises), the periods for putting them into operation and measures for organization of normal work. Such a plan as we are proposing should include both the facilities which are producing the products, the necessary partner (or partners) in cooperation, as well as the enterprises which utilize the raw materials and semi-finished products, imported from it (them).

Formation of a rational complex for mutually-complementary production and economic structures with the developing countries could promote: the economic and technical assistance in various forms, rendered to them; various kinds of production cooperation, including composite and joint proprietorship; transfer of technology; long-term agreements for supplying goods and rendering services; multilateral cooperation, especially in establishing projects oriented toward delivering products to the socialist market; and the activities of the international economic organizations of the socialist countries.

The influence of economic and technical assistance on the formation of mutually-complementary productions and structures increases noticeably not with creation of separate enterprises even though they are large, but with creation of entire manufacturing complexes (branch or territorial), inasmuch as in this case the possibilities are increased for formation of production resources which are of mutual interest at various stages of processing as well.

Cooperation in the area of transportation, along with assistance in the development of industry and agriculture, must and should play an important role in the formation of mutually-complementary structures. To a large extent the degree of use of existing natural resources and production capacities, economic assimilation of new regions, and including their resources in foreign economic contacts, depend on the availability of transportation. The economic and social role of transportation in the developing states can be significantly increased by virtue of creating in them structures which mutually complement transportation in the socialist countries, and expanding cooperation in this sphere. Therefore, in preparing and concluding new contracts for cooperation in the area of transportation, an essential element should, evidently, be consideration of their influence on the creation of mutually-complementary structures both directly in the sphere of material production and in transportation itself...

The degree of influence of international production cooperation on the formation of mutually-complementary economic structures will grow even more, if such cooperation is realized in the form of joint or composite proprietorship, when the organizations and the enterprises of one country become direct participants in the production, or co-owners of enterprises in another country. In this case the partners have a much greater capability in fact to display their interest in creating precisely such enterprises, the production of which they require most of all.

For the purposes of creating such enterprises in the developing countries transfer of technology to them by the socialist states can also be used, and above all in the form of technical documentation, which up to now has been carried out basically without a licensing fee. The partners from the socialist countries cannot but have an interest in the orientation of production of the enterprise which has been established on the basis of the technology sent to it. Thus, this very form of cooperation, along with objective economic interest supports a certain motivation of efforts toward establishing mutually-complementary structures.

Long-term economic contracts (for 10-15 years or more) can play quite an important role in solving the problem; these agreements would stipulate that the developing countries deliver a certain amount of goods to the socialist countries at established periods, in trade for industrial equipment, materials and other products. Concluding such contracts would stimulate the developing countries, the cooperating partners, to more fully utilize their existing production capacities, and where necessary create new capacities for producing the goods to fulfill the contracted obligations.

The organizational influence of long-term contracts increases noticeably when they are concluded on a multilateral basis, with the participation of several interested socialist countries. This leads to expanding the volume of mutual deliveries of goods and, correspondingly, their production; and it permits organizing multilateral accounting.

The principal advantage of multilateral cooperation consists of the fact that it rests on a broader economic foundation--on the industrial potential of a number of participating countries; and it thereby promotes expanding the volume of contacts, and increasing their stability. It can be maintained directly between the interested socialist and developing countries; or between CEMA as the subject of the relations and the separate developing states, an example of which is the agreement between Iraq and Mexico, which is already in force; or between CEMA and regional integrated associations of developing countries. The international economic organizations and scientific-industrial associations of the socialist countries can serve as participating parties in the multilateral agreement. The prospects for the future activities of such organizations and associations, it seems to us, indicate a great deal of emphasis on participation in cooperation with the developing countries.

Multilateral cooperation increases the capabilities for uniting the efforts of the CEMA member nations with the interested developing countries in finding over-all solutions to their basic economic problems, specifically by means of organizing territorial industrial complexes, the readiness for which was expressed in the Joint Statement of the Socialist States at the 4th session of UNCTAD [11]. At the same time, such cooperation creates more favorable opportunities for the developing countries to take part in integrated measures in the CEMA region, which are taken in the course of implementing the Complex Program for Socialist Economic Integration, and especially in implementing joint long-term special-purpose programs for cooperation in the most important sectors of material production. The mutual advantage of this is obvious...

The most important directions of the coordinated and combined activities of the CEMA nations in this area, it seems to us, could be: the creation of industrial enterprises for manufacturing products intended for export to the developing countries; organization of joint firms for production and import of the most important goods; providing transportation for export and import freight; establishing funds and pools for financing cooperative measures with the developing countries; transfer of technology; and training of the national cadres.

It is wholly realistic that the measures for creating mutually-complementary economic structures for cooperation with the developing states were coordinated with the long-term special-purpose programs for cooperation by CEMA nations in the corresponding sectors, and with their bilateral programs for developing and deepening economic cooperation. Under conditions where all the material resources of the CEMA nations are allocated, and entered in the five-year and the yearly plans, such coordination is simply a necessity. In other words, the measures for organizing mutually-complementary structures for cooperation with the developing states should be an integral part of the national economic plans of the socialist countries.

It goes without saying that further growth in the flow of imported products should be balanced by a corresponding volume of export goods, which meet all the requirements of the world market and the partners in certain regions. The organization of production of such goods in the CEMA nations, as well as the efforts and expenditures connected with creating the necessary industrial potential in the developing states, must be embodied not only in the above-mentioned long-term program, but also in the five-year and yearly plans for the economic and social development of the nations of the socialist commonwealth.

Further deepening the processes of integration in the socialist commonwealth, and especially developing specialization and cooperative production and activities in international economic, business and scientific-industrial associations, can greatly facilitate the growth of the volume of production and the creation of a reserve of goods which meet the requirements of the World market and the specific conditions of the developing countries; as well as expanding the services for rendering technical assistance to these countries on a multilateral basis--which will serve to create mutually-complementary production and economic structures. More fully utilizing the capabilities inherent in socialist economic integration for expanding cooperation with the developing states has become an acute necessity.

There is reason to believe that the efforts of the socialist countries to establish their own mutually-complementary production and economic structures which take into consideration the interests, resources and needs of the partners, will be met with understanding and support on the part of the governments and business circles in the developing states. Following such a course will in fact promote the socialist alternative to the doctrines and policy of interdependence, which the ruling circles of the imperialist states are conducting with respect to the developing countries.

Implementing the measures for organizing mutually-complementary production and other economic structures of the socialist and the developing countries will promote further development and deepening of a new international division of labor between the two groups of states; expanding on this basis their mutually-advantageous cooperation, and strengthening the union of world socialism with the national-liberation movement.

FOOTNOTES

1. Excluding the facilities built and erected in the socialist countries attributed according to UN methodology to developing countries (Cuba, SRV, MPR [Mongolian People's Republic], DPRK and Laos).
2. Excluding trade with Cuba, the SRV, DPRK and Laos.
3. Excluding facilities constructed in Cuba, the SRV, MPR, DPRK and Laos.

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TRADE WITH LDC'S

PROBLEMS IN DEVELOPING CEMA CONSUMER COOPERATIVES

Moscow IZVESTIYA AKADEMII NAUK SSSR: SERIYA EKONOMICHESKAYA in Russian
No 2, Mar-Apr 84 (signed to press 24 Feb 84) pp 126-128

[Article by I.N. Buzdalov and N.V. Medova: "A Chronicle of Scientific Life: Problems in Developing Consumer Cooperatives"]

[Excerpts] An international scientific-theoretical conference was held in Moscow in April 1983 under the auspices of the Board of Tsentrsoyuz USSR, in accordance with a joint resolution of the cooperatives of the CEMA nations. The theme of the conference was "Long-term Planning and Forecasting of the Development of Consumer Cooperation in the Socialist Countries." Taking part in the conference were representatives of cooperative unions and councils, and scientists from the PRB [People's Republic of Bulgaria], HPR [Hungarian People's Republic], GDR, PPR [Polish People's Republic], SRR [Socialist Republic of Romania], USSR and CSSR.

The basic task of this, essentially the first such representative conference of its kind in the history of the cooperative movement in the countries of socialism, was the comprehensive examination of the theoretical and applied problems of the development of consumer cooperatives, and also the future prospects for the use of cooperative principles in communist construction. Along with modern theories of cooperative reformism, the reports and discussions dealt with critical examination of certain conceptions and views on cooperation which manifestly disparaged its role and socio-economic functions in the system of socialism, and in its further development.

In the basic report at the conference, delivered by Deputy Chairman of the Board of Tsentrsoyuz, N.A. Lupey (USSR), such views were subjected to thorough criticism from positions of Lenin's ideas on cooperation, on the basis of all-round analysis of the economic activities of consumer cooperatives, and on the basis of expanding the use of cooperative principles in other spheres of social production (housing construction, domestic services, horticultural and gardening activities, etc.). As did a number of other participants in the conference, the speaker took note of the fact that at the present time, the USSR and the other socialist countries have achieved significant results on the way to perfecting the system of consumer cooperatives. For example, the Cooperative Union of the PRB involves nearly one-half of the entire population, not counting those who work in production cooperatives. The organization of the Cooperative Union of Bulgaria has concentrated in its hands more than one-third of the national goods

turnover, 55 per cent of the production of bread and baked goods, 94 per cent of the nonalcoholic beverages, etc. The cooperative movement has achieved a vast scope in the HPR, CSSR and other countries of socialism; moreover, its dimensions are expanding. In this connection, reference was made to the incorrect appraisals, according to which the realization of Leninist ideas on cooperation are allegedly reduced to completing the production cooperation of the peasants.

V.I. Kravtsova (MKI [Moscow Cooperative Institute], USSR), spoke of the enormous possibilities for cooperation in all kinds of activities in her speech, dedicated to methodology of forecasting and long range planning for consumer cooperatives. In this report, and also in reports by D. Zhelev (Central Cooperative Union, SRB), P. Silavshan (SEVOS [expansion unknown], HPR), V. Louzhenski (Central Council of Cooperatives, CSSR), materials were brought out on the high degree of efficiency of the cooperative enterprises and organizations, which frequently exceeds similar indicators of state enterprises. At the same time the objective necessity was cited for observing the conditions which permit the cooperative system to provide even higher economic results, to utilize resources more economically, to reduce losses, and to receive high-quality production: namely, cost accounting; democratic managerial principles, based on selectivity; and broad economic independence. In those cases where these conditions are not observed, the cooperative principles are undermined, and the result is administration by decree, with the corresponding negative results.

The speech by I.N. Buzdalov, (IEMSS [Economics of the World Socialist System Institute], USSR Academy of Sciences) was dedicated to the methodological aspects of studying the socio-economic functions of cooperation and their future development. Proceeding from the similar nature of the two forms of socialist property, the author gave proof of the incorrectness of an examination of modern cooperatives as the lowest form of social property under socialism, and the consumer cooperatives as the "simplest" form with respect to the production cooperatives. This position was supported by the participants at the conference, who took note of the fact that state and cooperative forms of property are socially identical and are distinguished only by the degree of their socialization...

As far as the specific nature of cooperation is concerned, this cannot change the real situation, in accordance with which the consumer and the production forms of cooperation under socialism, in spite of the peculiarities of their functional roles, occupy equal positions.

Developing this position, P. Silavshan and N. Balyev (Center for Increasing the Qualifications of Cadres, PRB), V. Shpikovskiy (PPR, TsSSK [Central Union of Agricultural Cooperatives] "Peasant Mutual Assistance"). N.V. Medova (Tsentosoyuz, USSR), V. Louzhenski and others gave proof of the lack of substance of the assertions of the social inferiority, of the "lowest," "most simple" content of the cooperative form of social organization of socialist production and exchange, which one encounters quite frequently in economic literature and in textbooks as well. The participants in the conference arrived at the unanimous conclusion that under conditions of further development and interaction, the interpenetration of the two forms

of socialist property, the experience of cooperation (selectivity of organs of management and so on) will have great significance for the formation of unified principles for the collectives, for social self-management, defined specifically in the Program of the CPSU—which has found further development in the directives on this question of the June (1983) CPSU Central Committee Plenum. Hence, the strategic mission is strengthening the cooperative principles, expanding the sphere of cooperative activities, to include the cities; hence the inappropriateness of administrative reorganization or "creeping state control" of cooperation. In this connection, the elimination at one time of the producers' cooperative societies in the USSR turned out to be a hasty measure. Therefore, the opinion was expressed at the conference, that this kind of cooperative activity must be given the proper scope in the framework of the system of *tsentrosoyuz*.

A great deal of attention in the work of the conference was devoted to the prospects for the development of the material-technical base of the state procurement, processing, trade, production and other kinds of activities of consumer cooperation. Delivering reports on this topic were I.D. Barchuk (VNIIEKT [All-Union Scientific Research Institute on the Economics of Cooperative Trade], USSR), and I.V. Selezneva (TsINOTYR [Central Institute for the Scientific Organization of Labor, Management and Rationalization], USSR). In these and other reports (E. El'sner, SPK [Council of Producers' Cooperatives], GDR; P. Dragomir, Tsentrokoop, SRR; E. Kler, KoopNII [Scientific Research Institute for Cooperative Trade], PPR), it was pointed out that improving the material-technical base; accelerating scientific and technical progress; successful realization of the special-purpose complex program for development of various directions of its activity, worked out by *Tsentrosoyuz*; and also the long range plans for consumer cooperation in other countries of socialism, envisage more active participation of cooperation in the integrational processes of APK [Artel of Producers' Cooperatives], and in the organizational-administrative structure of the complex. This will significantly accelerate the above-referenced processes, and at the same time will permit more purposefully satisfying the needs of the cooperative enterprises and organizations with modern technical facilities. This is an important condition for more successfully implementing the many-faceted economic and social functions of consumer cooperation and the cooperative system under socialism in general.

A special place in the work of the conference was occupied by questions of perfecting the economic mechanism of consumer cooperation, which touches upon the general aspects of improving the APK mechanism and the entire system of the national economy, as was emphasized in the reports by N.A. Lupey, I.N. Buzdalov and other participants. The principle bases and the concrete directions for improving the economic mechanism in the national economy, taking into consideration the peculiarities of its use in the system of consumer cooperation were expounded on in separate special reports by P. Silavshan, "The System of Management of the Hungarian National Economy and the Improvement of the Economic Mechanism of the Cooperatives" (HPR), and by R. Velichkova, "The Development of Democratic Forms of Management and the Improvement of the Economic Mechanism of Consumer Cooperation in the HPR", (Central Cooperative Union of the HPR).

In the reports and the lively discussion on this question primary significance was given to analysis of the principle of economic independence of the cooperative enterprises and organizations, including questions of juridical and legal guarantees for this independence and liability for violating it. It was noted that the actual situation with regard to realizing the principle of economic independence frequently does not yet meet the objective requirements which flow from both the specific nature of the cooperative form of business, as well as from the definite bases of the principle of democratic centralism, from the relative economic exclusiveness of a socialist enterprise which operates on a cost accounting, self-supporting basis. These bases are sometimes violated by direct administrative interference in the immediate activities of the collectives of the cooperative, in solving problems which relate exclusively to the competence of this collective. At the very same time, questions of centralized influence on the effective activity of cooperative enterprises and organizations through the price mechanism, and other economic levers and normatives, or through the contract system, are sometimes poorly utilized and quite frequently conflict with tasks for achieving the greatest effect and improving the quality of work.

For the purposes of more consistent realization of the principle of economic independence in the cooperative system it was deemed necessary to make a more profound study and experiment more broadly with the experience of the economic organizations on adopting planned decisions with respect to the scale and the directions of activity, and assurance on the part of the central organs of the necessary economic conditions for carrying out such decisions, which are to the advantage of the collectives and to society. The main lever for this, is economically-based price formation, combining in it the principle of the relative stability and flexibility, and mobility of prices. The importance and high degree of effectiveness of the use of contracted prices was stressed, for the entire system of interrelationships of consumer cooperation, to include the private subsidiary farms. In turn this stipulates an effective system of economic agreements, the equality of partners, and direct mutual responsibility for not fulfilling contracted obligations, and turning an agreement into a direct instrument of the plan. The entire system of pricing indicators, the formation of funds for material incentives should correspond and stimulate fulfillment of economic agreements, increasing effectiveness and the growth of profits. Participants in the conference took special notice of the fact that the trends cited for improving the economic mechanism are equally important for the enterprises in the state sector.

Thus there was discussed at the conference a wide range of important and complex problems of the functioning of cooperation, the perspectives for its development, the role and volume of socio-economic movement of a socialist society. At the same time it is obvious that the theory of cooperation is lagging behind the practical tasks for its development; the experience of the socialist countries in this area is very significant for the developing countries. These factors have made it clearly necessary to carry out more profound scientific study of the problem. Cooperative workers in all the socialist countries who took part in the conference came to a unanimous conclusion on this question and defined a number of organizational measures

for preparation of broader, more extensive scientific discussion of the problems; involving economists, lawyers, sociologists and representatives of other social sciences; and preparation of collective research on a modern theory and strategy for further development of cooperation under socialism. Such a task proceeds from the generally-agreed conclusion of the conference: In the foreseeable future the role of cooperative principles in socio-economic development will not decrease, and in a number of directions the activities of cooperation owing to the use of new forms, evidently, will increase, thereby facilitating the use of more flexible, more effective approaches to socialist socialization, to increasing the economic independence of the collectives and preparing for the change to their social self-administration.

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TRADE WITH LDC'S

USSR-AFGHANISTAN TRADE PROTOCOL, DEVELOPMENT OF COOPERATIVES

Economic Cooperation Protocol

Moscow EKONOMICHESKAYA GAZETA in Russian No 14, Apr 84 p 20

[TASS article: "USSR-Democratic Republic of Afghanistan: Expanding Cooperation"]

[Text] A protocol dealing with the further expansion of Soviet-Afghan economic and trade cooperation has been signed in Kabul. It calls for Soviet assistance for democratic Afghanistan in the implementation of social and economic development plans, including repair and restoration work on highways of the DRA [Democratic Republic of Afghanistan], in the form of shipments of road construction equipment and materials from the USSR, the provision of agricultural equipment for farms in the republic's state sector, reconstruction of the Kabul Nandari Theater, and the construction and equipment of boarding schools.

In the course of the talks, the protocol states, the parties noted the successful implementation of existing Soviet-Afghan agreements in the areas of economic, technical and trade cooperation. The results of joint efforts in the construction and operation of transport, industrial, power engineering, agricultural and irrigation, communications and health facilities, and the training of national cadres in Afghanistan were reviewed in detail. A total of 16 large enterprises were constructed and placed into operation as a cooperative effort of the Soviet Union and the DRA in 1982 and 1983 alone. They are playing an important role in the nation's economy. Projects built with Soviet-Afghan cooperation are presently producing approximately 70 percent of all the factory and plant output in the DRA's state sector.

The Soviet Union accounts for 60 percent of the DRA's foreign trade. Last year a broad range of Soviet consumer and other goods were delivered to Afghanistan, including deliveries made on the basis of long-term loans.

The parties noted that the signing of the new Soviet-Afghan protocol shows that bilateral friendly relations are growing stronger and that this is of great importance for the further strengthening of the foundations of Afghanistan's independence, for improving the standard of living of the republic's workers and creating conditions conducive to the implementation of progressive reforms for the benefit of broad sectors of the DRA's population.

Development of Cooperatives

Moscow SOVETSKAYA POTREBITEL'SKAYA KOOPERATSIYA in Russian No 4, Apr 84 (signed to press 14 Mar 84) pp 38-39

[Interview with Abdul Quyyum Nurza'i, chairman of the Executive Committee of the DRA's Union of Peasant Cooperatives, by a correspondent for SOVETSKAYA POTREBITEL'SKAYA KOOPERATSIYA, published under the rubric "The International Cooperative Movement": "Afghanistan: Steps of Cooperation"]

[Text] Afghanistan's workers are commemorating the anniversary of the April Revolution, which laid the foundation for fundamental socioeconomic reforms in the nation. On the occasion of this important date Abdul Quyyum Nurza'i, chairman of the Executive Committee of the DRA's Union of Peasant Cooperatives, answers questions for a correspondent of SOVETSKAYA POTREBITEL'SKAYA KOOPERATSIYA.

[Question] Comrade Nurza'i, Soviet cooperative workers are following the emergence and development of the cooperative movement in friendly Afghanistan with great empathy. Please tell us about the main phases through which the Afghan cooperative workers have passed during the period which has elapsed since the April Revolution.

[Answer] The emergence of cooperatives in Afghanistan is closely linked with the nature of political, social and economic life in the nation and with its trends. The second phase of the April Revolution is developing successfully in the Democratic Republic of Afghanistan. This is a brief period of time, but one which is replete with events and changes. The main result of this period is the fact that the revolution, which liberated Afghanistan from the quagmire of feudalism and backwardness and led it onto the high road of modern history, has not only held up, but has actually made a determined advance toward victory. The latter is now absolutely clear to both its enemies and its friends. The positive changes now occurring are oriented toward the development of the economy and the resolution of social problems. This applies first of all to the largest class--the Afghan peasantry. It is precisely for the peasantry's benefit that the April Revolution proclaimed and has been consistently implementing the land reform. It has struck a perceptible blow against feudal relationships in the rural area. Suffice it to say that the people's authorities have given land taken from large land-owners to 296,000 families of hired farm laborers and peasants who had little or no land. Vigorous steps were taken to improve the standard of living of the peasantry, and the foundation was laid for cooperatives in the rural area. By mid-1980 Afghanistan had hundreds of cooperatives, which united 183,000 land-owners with capital totalling 66 million afghanis and a total of 147,000 hectares of cultivated land. More than 300,000 peasants have now received plots of land.

The cooperative movement was established organizationally and legally by the Constituent Congress of Cooperative Members held in December of 1980. The program address given at the congress by Comrade Babrak Karmal pointed out the fact that great hopes are pinned on the cooperatives with respect to creating a qualitatively new socioeconomic structure in the rural area and stressed the fact that

the cooperatives are regarded as an important form of political unification of the peasants and craftsmen and as a means of enhancing the awareness and initiative of the masses and extensively involving them in the public work.

The Central Council of Agricultural Cooperatives was established at the congress. It was soon renamed the Union of Peasant Cooperatives (SKK). Since the department for the development of consumer and cottage-trade cooperatives with its management functions (circulating capital, materials and equipment base, transport, etc.) was placed under the authority of the Union of Peasant Cooperatives, the Union has become a national, multi-branch cooperative organization in Afghanistan. Today it includes 190 supply and sales, 42 consumer and 10 cottage-trade cooperatives. The cooperatives have a total membership of 54,000 people.

[Question] Our readers would like to know about the economic and organizational principles underlying the cooperatives and about the main types of cooperative activities in Afghanistan today.

[Answer] First of all, I would point out the fact that Soviet experience in the development of cooperatives, which we are attempting to use on the basis of our historical and national conditions, has been and continues to be of great assistance to us in the organization of the cooperative movement. With respect to the economic foundation of the cooperatives, it consists of cooperative ownership of the buildings and structures, transport, commodities, equipment, funds and other assets, which are controlled entirely by their members. The general assembly, which elects the board and the audit commission, is the highest agency. The board implements decisions of the general assembly and is accountable to it for all the cooperative's work. The audit commission monitors the observance of the charter and the implementation of decisions adopted at the assemblies and in higher cooperative agencies. There are corresponding statutes for regulating such basic matters as the organization and registration of cooperatives and their unions, membership in a cooperative, the rights and duties of the cooperative members, administration of their economic and financial activities, the termination of cooperatives, and other key issues in the cooperative system.

Based on the nation's available raw materials and labor resources and taking into account our traditions and developing trends, agricultural cooperation is receiving priority development. These are mainly production and supply-and-sales cooperatives, which function within the framework of district and provincial cooperative unions. Their main job is to protect the interests of their members in the sale of agricultural products and to supply the cooperatives and their members with goods. The supply-and-sales cooperatives receive seed, fertilizers, toxic chemicals and farm implements for their needs on a collective basis. Today, the unions ordinarily have their own production base, stores and storage facilities. They are granted authority to hire the necessary workers and to enlist private merchants and buyers of output under specific terms. I would add to this the fact that a specific feature of this basic type of cooperation is its participation in the performance of such socially essential jobs as the construction and repair of small irrigation systems, roads, bridges, buildings and structures, and the organization of cottage industry for the production of small agricultural items, joinery and other products.

Considerable attention is being given to the development of cooperatives of the cottage industries and the improvement of their products. It should be mentioned that the DRA has a large number of uncoordinated cottage-trade operations, which employ around 200,000 people. Their products—rugs and carpets, fur and leather goods, and household items made of marble, onyx and lazurite—also enjoy a good reputation beyond Afghanistan's borders. The task of increasing production and expanding the range of cottage-industry products has been assigned and is being systematically accomplished. The tradesmen and cottage-industry workers receive loans and the necessary raw and processed materials and equipment through the cooperatives.

Consumer cooperatives are also being developed, although not without difficulties. Three consumer cooperatives are now functioning successfully in Kabul, for example. They have around 5,000 members, including bank employees, workers at small industrial enterprises and state trade enterprises. They have opened stores, where various goods are sold to their members. Prices for the goods are 10-15 percent below those of the private merchants, which is important. The nation has 36 consumer cooperative stores in all. Their retail commodity turnover is constantly growing. The cooperative stores are becoming increasingly popular among the residents.

[Question] It is obvious that the successful development of the cooperative sector in your country depends to a considerable degree upon the nature of relationships with the state and its agencies. What is the determining factor in these relationships?

[Answer] The party and the revolutionary government of the DRA are well aware of the great difficulty of achieving the basic restructuring of agriculture. The agrarian issue is constantly at the focus of their attention and is the pivotal point in a program which has received the broad support of the people. It would be difficult to overestimate the assistance provided the cooperative movement by the People's Democratic Party and the government. They are providing all-round and effective support for the cooperative process. Soon after the April Revolution a special department was created in the Ministry of Agriculture, and corresponding directorates were created in the provinces and districts to provide organizational, financial, material and technical assistance and to train personnel. They were charged with establishing close business contacts with local cooperative unions and working out recommendations for agricultural practices to be used in the cultivation of farm crops and animal husbandry, in matters of plant breeding and seed production, the provision of veterinary services, and so forth. The party and government continued in subsequent years to concern themselves with the development of cooperatives. This fact is borne out, among other things, by the law "On Cooperatives," adopted by the Presidium of the Supreme Soviet of the DRA in 1983. Under this law state organizations and establishments are required to assist in every way with the development of cooperatives.

The cooperative sector receives significant financial aid from the state. The cooperatives were issued loans totaling 50 million afghanis in 1982, which were used to purchase seed, mineral fertilizers and agricultural machinery. The next loan extended at the instruction of the government to the Union of Peasant Cooperatives by the Bank of Afghanistan amounted to 100 million afghanis. This is only two of many examples I could cite. This accounts for the successes recently achieved by the cooperatives.

Finally, the party assigns the cooperatives an important role in the organization and the performance of cultural and educational work in the rural area. Around 1,700 courses were started in the nation in 1983 to eliminate illiteracy, and 43,000 peasants are taking the courses.

The goals proclaimed by the April Revolution are near and clear to the cooperative masses. Around 10,000 cooperative members belong to detachments for the defense of the revolution. They actively combat the counterrevolutionary forces.

[Question] What can you say about the nature of cooperation between the Union of Peasant Cooperatives and Tsentosoyuz?

[Answer] The good-neighborly Soviet-Afghan relations are extensive and multifaceted. We also note with satisfaction the dynamically developing ties in the area of cooperation. We are sincerely grateful for the internationalist approach taken by the Soviet cooperative workers to our needs. The long-term agreement on the organization and development of cooperatives in the DRA is highly important. Joint proposals for the formation of the cooperative movement in Afghanistan are being implemented within the framework of this substantive, extensive and specific document. Under this agreement a loan was extended to the Union of Peasant Cooperatives, by means of which the Afghan cooperative members have already been provided with household and personal goods, construction materials and farm implements. The delivery of Soviet Niva and UAZ-452 motor vehicles and delivery vehicles is contributing to the successful development of cooperatives in the DRA. Under an agreement signed in the summer of 1983 for additional assistance to the Union of Peasant Cooperatives, Tsentosoyuz will send trade fixtures, counter and warehouse scales and refrigerated compartments to Afghanistan. The assistance provided by Tsentosoyuz in the construction of various cooperative installations is an important factor in the development of the cooperatives' material and technical base. For example, Soviet specialists are helping to build the republic's largest wholesale base for cooperatives in Kabul.

The future of the cooperatives depends to a crucial degree upon the availability of skilled cooperative workers. Beginning in 1981 20 Afghan cooperative workers have taken 10-month courses at educational institutions of the Soviet consumer cooperative system each year, and 15 students are accepted for the complete course of study annually.

Cooperative workers from the DRA take an active part in international scientific and practical seminars regularly organized by Tsentosoyuz for the leaders of national cooperative movements in the liberated nations. An international seminar on "The Role of the Cooperatives in the Society's Social and Economic Life," held in July of 1983, provided a great deal of food for thought. Trade collaboration, including border trade cooperation, is developing upward. The exchange of cooperative literature, the coordination of planning estimate documentation, the provision of visual aids and training programs, the organization of photographic exhibits on special subjects and the showing of popular science films--all of this is also determining to a significant degree the nature of the successfully developing cooperative ties between our nations.

[Question] Please share with us your impressions from your visit to the Soviet Union.

[Answer] We are grateful to Tsentrosoyuz and its board for inviting us to visit your nation. Our delegation greatly appreciates the friendly nature and the results of our talks with Comrade M.P. Trunov. An important result of the visit was the development of future directions and specific forms of development for our bilateral cooperation, which were set forth in the agreement signed. We were acquainted with the system for training cooperative cadres in Moscow, Tashkent and Samarkand, and we benefited greatly. Our familiarization with practical aspects of the functioning of Soviet cooperative workers was also of indisputable interest. We have unforgettable impressions of cordial receptions in cooperative organizations and at enterprises.

In conclusion, I would like to stress the extraordinary benefit and importance of steadily strengthening Soviet-Afghan cooperative ties. Ties of friendship have linked the Soviet and Afghan peoples for more than 60 years now. The great Lenin was at the source of that friendship. Relying upon friendship and equal cooperation with the Soviet Union and other nations of the socialist commonwealth, the Afghan people are obtaining the opportunity to develop and reinforce their homeland's economic strength and to proceed confidently along the path to the building of a new life.

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CEMA CAPITAL INVESTMENT PROBLEMS, STRATEGIES EXAMINED

Moscow EKONOMIKA STROITEL'STVA in Russian No 4, Apr 84 (signed to press 16 Mar 84) pp 65-69

[Article by A. N. Grammatikov, counselor of the USSR Permanent Representation to CEMA: "The Investment Policy of the CEMA Member Countries"]

[Excerpts] In the economic policy of the fraternal socialist countries the improvement of the investment process, of which a modern material and technical base and structure of social production of the countries are a result, holds an important place.

Capital investments are one of the basic national economic tools of the accomplishment of economic, social and political tasks. They act as an important means of progressive changes in the structure of social production, the increase of the balance of the economy, the acceleration of technical progress and the assurance of the increase of the well-being of the working people.

Particular importance in the countries is being attached to the improvement of the planning of the investment process and to the drafting of a unified interconnected set of long-range and annual plans of capital investments.

The basic provisions of the investment policy of a number of CEMA member countries, the positive experience of which should be studied and everything, that is advanced and corresponds to the conditions of the development of the economy of our country, should be used, are cited below.

Bulgaria. In the economic policy of the Bulgarian Communist Party and the Government of Bulgaria the improvement of the investment process holds an important place.

The policy of the general intensification of the national economy, which was adopted by the 12th Congress of the Bulgarian Communist Party, required the drastic reform of the investment policy and its close coordination with the rapid introduction of the achievements of scientific and technical progress. The modernization and renovation of the physical production base, which ensure the introduction in production of the best achievements of processing methods, technology and the organization of labor, are recognized as the decisive directions of this policy at the present stage. During the 8th Five-Year Plan the allocation for this purpose of 10 percent of the investments, which are intended for the material sphere, is envisaged.

A new economic approach when planning capital investments, the essence of which consists in not permitting the construction of projects, which have not been provided with planning estimates, in strictly observing the approved estimated cost of projects, in placing production capacities into operation on the set dates, in decreasing the proportion of unfinished construction and in assimilating the rated capacities more rapidly, is being used in Bulgaria for the purposes of the efficient use of the capital investments which are being allocated.

In conformity with the party decisions on the improvement of the investment policy now the basic criterion of the evaluation of the activity of the investor is determined not by what amount of capital investments have been spent and how many capacities and projects have been put into operation, but by what the effectiveness of each spent lev is, in what time and at what technical, technological and organizational level the given project was built and what the competitive ability of the products being produced is.

In Bulgaria every economic organization has the right to receive capital investments, but only on the condition that it proves the effectiveness of their use and the financial possibilities of their return. The export profitability, the technical, technological and organizational level of production, the supply with energy and raw material resources, the guarantee of the high quality of items and the substantiation of the price and production cost, as well as the sale of products on the domestic and world markets are arguments here. Without such substantiations the production projects cannot be included in the nominal lists of construction, and the plan of capital investments is prepared precisely with allowance made for them.

The Bulgarian National Bank informs the economic organizations about its views with regard to the optimum distribution of capital investments. In turn, the economic organizations can take part in the national competitions, which are organized by the bank, on the establishment of the projects, into the construction of which capital investments are being channeled.

Hungary. The investment policy during 1981-1985 was specified by the 6th Five-Year Plan of the Development of the National Economy of Hungary. It stipulates that during this period the main task consists in the further strengthening of the economic basis of the development of society, in the increase of the efficiency of economic work by the use of the achievements of science and technology, international economic cooperation and especially the economic integration of the CEMA member countries and in the stabilization of the balance of the national economy. Here in the economic policy, including the investment policy, particular importance is being attached to the improvement of the foreign economic balance of the country.

The following immediate tasks of the investment policy are reflected in the 6th Five-Year Plan of the Development of the National Economy:

the conformity of the amounts of capital investments to the potentialities of the national economy of the country;

the quickest possible completion of the construction of already started projects;

the achievement of the appropriate ratios between state capital investments and the capital investments, the decisions on which the enterprises themselves make;

the accomplishment of effective investment goals which are based on efficient initiative;

the priority making of such capital investments, which serve the increase of the international competitive ability of products and, if this is necessary and well founded, postpone sectorial measures which are aimed at the accomplishment of other tasks;

the accomplishment of tasks which directly affect the living conditions of the population--housing construction, health care, education, communications and transportation.

As to the procedure of the financing of capital construction, the investment possibilities of enterprises are determined by the amounts of their own resources, which are formed in conformity with the standard statutes, and by the possibilities of obtaining credits on this basis.

State grants for production capital investments are allocated only for a narrow group of projects (power facilities, facilities of the infrastructure).

In some instances the enterprises can avail themselves of state supplements (grants), which require payment, to the funds for the construction of their own investment projects on competitive terms.

The effectiveness of the planned capital investment is the basic criterion of the granting of bank investment credit. At the same time the demands to answer for the risk of carrying out capital construction with their own resources are also made on the enterprises.

The GDR. In the area of the management of capital investments and their planning particular attention is being devoted to the fact that a larger and larger proportion of the available assets and capacities would be channeled into socialist efficiency promotion. What is meant first of all is the improvement of technological processes on the basis of modern highly efficient processing methods and methods, which ensure the gradual transition to the automation of production sections or shops.

The allocation of capital investments for new construction is being made dependent on the completeness of the utilization of the available capacities of the given products and first of all by means of the changeover to multishift work. On this basis it is intended to channel the capital investments in concentrated form into the improvement, renovation and modernization of operating fixed capital, which should promote the freeing of manpower for the organization of multishift work on modern highly productive machines and units.

Particular importance in the investment policy of the GDR is being attached to the shortening of the construction periods and the decrease of the number of projects being built simultaneously. For these purposes steps were taken on

the gradual concentration of capital investments on the quickest possible completion of already started projects, as well as highly efficient innovative measures, by which the acceleration of construction is ensured.

Much attention is being devoted to the questions of the planning and efficient realization of capital investments. Thus, for example, the Central State Inspectorate for Capital Investments, the most important task of which is to carry out jointly with other state control organs prior to the start of construction the supervision of the observance of legislative orders and the drafting of proposals on the increase of the social impact of capital investments, which is a most important plan indicator, was established in 1979.

A principle, in case of which capital investments are made by means of combines' and enterprises' own assets, which are formed by means of amortization deductions and the profit derived as a result of economic operations, is being implemented for the purposes of the assurance of a uniform direction of planning and cost accounting. The assets from the state budget are intended first of all for the most important national economic projects.

The planned extension of credit for capital investments by the State Bank is gradually being linked with the observance of the amounts of investment outlays and the dates of placement into operation and with the achievement of the envisaged economic impact. If it is not ensured, the bank resorts to credit sanctions and takes steps for the compensation of the incurred losses.

It is also characteristic that the enterprises in case of the exceeding of the plan of the receipt of assets from the implementation of rationalization can use a portion of such assets for their own needs as additional capital investments.

Mongolia. At present the investment policy of Mongolia is aimed at the steady increase of the amounts of capital construction and first of all in agriculture and industry. This is connected with the need for the implementation of the program provision on the transformation of Mongolia into an industrial-agrarian state.

In Mongolia, in contrast to the other CEMA member countries, as before an overwhelming portion of the capital investments is being channeled into new construction.

In conformity with the decision of the party and the Government of Mongolia a new set of plan indicators has been introduced for clients and contracting and design organizations. Its essence consists in the fact that the fulfillment of the plan is evaluated first of all according to the end results of the investment process, that is, the timely and high quality completion of the construction of a project and its placement into operation.

The construction title, on the basis of which economic contracts are concluded, manpower, material and financial resources are distributed and used, all the operations, their financing and the extension of credit are carried out, is the main planning document for the entire construction period.

At present in Mongolia for the purposes of increasing the efficiency of the ever increasing amount of capital construction much work is being performed on the elaboration of norms and standards of the comparative effectiveness of allocations, their specific resource intensiveness, the capital intensiveness of the products being produced or the services being rendered and the construction period.

The CSSR. The investment policy of the CSSR in recent years has undergone definite changes. This is due to the fact that capital construction and the reproduction of fixed capital, along with the positive results in this area, still remain urgent national economic problems.

In recent years not all of the needs could be met due to the lack of financial resources or production capacities.

Thus, the capital investments in the chemical industry decreased, insufficient investments were allocated for the modernization and renovation of enterprises of the processing industry, especially several subsectors of machine building, several ripe problems of environmental protection are not being completely solved.

In conformity with the investment policy of the CSSR the fuel, energy, metallurgical and machine building complexes account for nearly two-thirds of the capital investments which are being invested in industry.

This is explained by a number of essential causes and first of all by the fact that:

metallurgy and heavy machine building, which along with several basic chemical works are very energy-intensive, have a quite large proportion in the structure of Czechoslovak industry;

the need exists for the increase of the extraction of domestic solid fuel--lignite and bituminous coal, the mining of which is being carried out under worse natural conditions than during the preceding 10 years;

the specific capital investments in case of the construction of nuclear electric power stations are increasing as compared with the construction of thermal electric power stations which run on solid fuel;

the estimated cost of individual construction projects, particularly due to the use of expensive equipment and the orientation toward the preferential construction of nuclear electric power stations, has increased significantly.

At present, along with the task of the better use of the available fixed capital, the focusing of attention on the decisive construction projects of the national economy, which have been envisaged by the state goal programs (for example, the development of the fuel and energy complex), is the basic direction of the investment policy of the CSSR.

For the purposes of the more effective and efficient use of the capital investments, which are being channeled into the construction of small projects (with

an estimated cost of up to 2 million korunas), special-purpose capital investments, which are used for modernization, renovation and measures which quickly pay for themselves, are being allocated to individual sectors of industry.

The decision on the advisability and effectiveness of such capital investments is made by the management of enterprises and production economic associations and by the financing affiliates of the State Bank.

Such an organization of the matter, in the opinion of specialists of the CSSR, is very important, since the small capital investments for the country amount to 51 percent of the investments in the production sphere and 38 percent of the investments in industry.

The formation in the early 1980's of development funds, which are envisaged by the set of measures on the improvement of the system of the planned management of the national economy of the CSSR, is promoting the efficient use of small capital investments. These measures envisage the rejection of the limiting of such capital investments to production economic associations and enterprises in the state plan of capital investments. At present development funds, which are formed by means of amortization deductions, the profit and credits, are being created at them.

The profit, which subject to the actually obtained amount makes it possible to increase or decrease the amount of investing, is the most flexible fund-forming item. The deductions from the profit for this fund are differentiated in conformity with the planned profitability of production and the needs for capital investments. Thus, in 1983 the standard of the deduction was established for machine building ministries and the CSSR Ministry of General Engineering at about 8 percent, the food industry--19-27 percent, the medical industry--4-4.5 percent.

Particular attention is being devoted to the decrease of unfinished production, the coefficient of construction under way and the construction periods.

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GENERAL

WESTERN ECONOMIC THEORIES ON SOVIET SOCIALISM CRITICIZED

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[Article by Docent S. Sutyurin, candidate of economic sciences, Leningrad: "The Role of 'Sovietological' Economic Theories in the Elaboration of Modern Imperialism's Strategy"]

[Text] A major task of Marxist scientists is to step up the criticism of anti-communism, and of bourgeois and revisionistic concepts of society's development,¹ and to skillfully unmask deceitful and subversive imperialist propaganda.² Successful solution of this task, together with investigating the class content, methodological roots and ideological direction of bourgeois theories, seems to require the uncovering of their significance in the elaboration and practical realization of the imperialist countries' strategy. It is a known fact that these theories are strongly influencing the bourgeois governments' policies. In particular, these policies reflect also the proposals and recommendations prepared by expert "Sovietologists," on the basis of their analysis of how the economic system of the Soviet Union and other socialist countries functions. Nor can we overlook the obvious fact that successes in the Soviet economy's development inspire individual representatives of the capitalist countries' ruling circles to study our experience, in an attempt to utilize it to some extent also for the state monopoly regulation of the economy.

The works of a number of bourgeois economists adhere to the idea that the Soviet Union's economic development should be investigated mainly for practical considerations. Examining the "sources of interest in studying Soviet socialism," for example, the Canadian "Sovietologist" A. Abouchar points out first of all the "relationship between economic policy and foreign policy" and the "prospects of expanding foreign trade."³ The solution of such tasks requires reliable information, or at least information that has been intentionally falsified as little as possible. But at the same time, as we very well know, the basic task of "Sovietology" as a branch of vulgar bourgeois political economy, due to its class nature, is specifically to falsify Marxist-Leninist doctrine and to libel socialism. This basic task inevitably determines the content of the concepts formulated by Western ideologists. Thus on the one hand, with the aid of vulgar and nonscientific "Sovietological" economic theories, our class enemies are striving to implant anti-Sovietism and anticommunism into public opinion in the capitalist and the developing countries and, moreover, to conduct ideological subversion against the countries of real socialism. On the

other hand, there are obvious attempts to use these theories, based on deliberate distortions of reality, to elaborate and implement modern imperialism's strategy of domestic and foreign economic development. This internally conflicting situation is one of the consequences of capitalism's deep internal contradictions that have intensified particularly under the present conditions.

It will be remembered that the emergence of bourgeois economic theories regarding socialism was a direct response of capitalism's apologists to the victory of the Great October Socialist Revolution, and to the first steps toward establishing and strengthening the new social order. Perception of the need to study the Soviet economy in order to elaborate and implement the imperialist countries' strategy toward the young socialist state was noted already at that time. In particular, "Sovietological" centers such as the School of Slavonic and East European Studies (University of London)⁴ were established already then. Naturally, the specific historical conditions left their imprint on the nature of the problems' investigation, but since then the practical orientation of Western research into the economy of real socialism has always been present and has influenced the formulation of the leading capitalist countries' policies.

This influence appears to be exerted in two main directions. One of them is indirect influence and is of a long-term nature. The other is direct current influence. In the individual countries, of course, the ratio of the two directions and their specific manifestations differ, in accordance with the historical traditions, peculiarities of the political structure, etc.

The system of higher education and of training specialists is, in our opinion, the basic form in which "Sovietology" exerts its long-term indirect influence. The dogmas of vulgar bourgeois political economy concerning the "bureaucratic nature of centralized planning," "the random nature of socialism's emergence," "the unsuitability of Marxist-Leninist doctrines for solving the practical problems of developing the economy," and similar false postulates shape the thinking of the graduates of higher educational institutions in the capitalist countries. Students of the prominent, prestigious educational institutions, within whose walls many of the capitalist world's future statesmen are trained, receive this treatment in especially large doses. In the course of this, the authors of the "Sovietological" concepts are not embarrassed by the fact that their conjectures have already proved inconsistent. For example, the idea that planned management of the entire economy is "impossible" has been advanced countless times. Practice has convincingly demonstrated the absurdity of such ideas. Nevertheless the not unknown H. Kissinger again called for the formulation of American policy based on the Soviet Union's realization in the 1980's that it was impossible "to manage modern society through a system of total planning."⁵

The scientific output of the "Sovietologists"--their articles and monographs, often containing practical recommendations--is another form of indirect influence. The theoretical seminars of these ideologists, particularly at the London School of Economics and the School of Slavonic and East European Studies, are often attended by officials of the state apparatus.

As a result of the long-term indirect influence exerted by "Sovietology," many members of the ruling circles in the leading imperialist countries start out

from a set of false stereotypes when formulating a general strategy toward the Soviet Union. Over a period of many years, for example, "Sovietologists" have been contending that socialism's economic system is "inefficient" and hence "nonviable." In our opinion, specifically this dogma has been the basis of absurd ceaseless attempts to "change the nature of the Soviet system." The hopelessness of such attempts was clearly demonstrated in the early 1950's by the Truman Administration, but now the Reagan Administration is nevertheless pursuing them with zeal.

The "Sovietologists" working as specialists in various posts within the state apparatus are able to exert direct influence on shaping the leading capitalist countries' policies. The previous and the present American administrations can provide the best examples of this. For example, the name of Z. Brzezinski, the former presidential national security adviser and a professional anticommunist, is well known and he hardly needs further introduction. The "Sovietologists" R. Pipes worked in the Reagan Administration; his academic career has been associated closely with the Russian Research Center at Harvard University. A fine thread running through all his principal works is the idea that the Soviet Union, "due to its national and historical peculiarities," has an organic aspiration to expand externally. This bourgeois apologist contends, moreover, that Marxist-Leninist ideology multiplies this "organic aspiration" manyfold.⁶ It is easy to see that the "crusade" launched by Reagan against communism as the embodiment of the "forces of evil" is closely linked to these "Sovietological" investigations.

Even if we examine lower levels of the state hierarchy, we can easily find similar examples also there. Immediately after the establishment in 1946 of the Russian Institute at Columbia University in the United States, for example, its leading members--including such prominent "Sovietologists" as F. Mosley, J. T. Robinson, A. Bergson, and E. Simmons--acted as official and unofficial consultants to the State Department, other departments and government institutions in the United States that intensively developed and implemented the policy of "cold war" against the Soviet Union.⁷ The British "Sovietologists" M. Kaser, R. Hutchings and A. Mowe held responsible positions in government institutions in various years.

"Sovietology" may exert a certain influence on policy, although not such a direct one, when some bourgeois theoretician is an active member of a political party. The activity of the noted British "Sovietologist" P. Wiles can serve as an example. A member of long standing of the Liberal Party, the country's third largest bourgeois party, he is considered its unofficial scientific consultant and is thus able to influence the adoption of political decisions affecting the Soviet Union and the other socialist countries.

Various Government-commissioned reports, papers, studies and recommendations on specific problems by "Sovietologists" may be regarded as a form of their direct influence on the elaboration of the capitalist countries' policies. From 1948 through 1958, for example, 20 staff members of the Russian Research Center at Harvard University (United States) worked periodically in Munich, interviewing former Soviet citizens to obtain information on various aspects of life in the Soviet Union. On the basis of these materials, 50 reports were prepared for the needs of the Pentagon.⁸ In the 1970's, staff members of the

Center of Russian and East European Studies at the University of Birmingham repeatedly prepared for the British government and members of Parliament studies on the scientific and technological potential of the Soviet Union; these studies were then used to formulate that country's policies toward the Soviet Union. An important form of the "Sovietologists'" influence on the elaboration of modern imperialism's strategy is their participation in various conferences, symposia and seminars that are sponsored by governmental and international organizations. For a number of years, for example, an annual conference has been held in closed sessions in London, of that country's leading "Sovietologists" and officials of several interested ministries and other central agencies. One of its sponsors is the Ministry of Defense. Since 1971, a colloquium on Soviet and East European economic development has been held annually in Brussels, by the NATO Directorate for Economic Affairs. In the foreword to the published proceedings of the 7th colloquium, devoted to the topic "The Soviet Union in the 1980's," J. Billy, the head of the directorate, emphasized: "Today in the world, perhaps more than ever before, the balance of power among countries is determined by their combined military and economic power Any forecast of relations between East and West, and especially of the balance of power between the NATO countries and the countries of the Warsaw Pact, necessarily presupposes taking into account the prospects of Soviet economic growth."

Finally, we should mention such a very typical document as the collection of papers under the common title "Soviet Economy in Time of Change," commissioned by the Joint Economic Committee of the United States Congress, for its own use. This is a two-volume collection of articles on a wide range of topics, the fruit of the collective effort of Western "Sovietology." Addressing the members of the Joint Economic Committee (they included such prominent senators as W. Proxmire, A. Ribicoff, E. Kennedy, G. McGovern and J. Javits), committee chairman L. Benston said in part: "It is entirely understandable that there is great interest in the Soviet economy, its prospects and problems, and in their significance for the United States and the Western industrialized countries. The presentation of SALT-2 to the Senate for consideration, and the re-opening of the debate on trade relations with the Soviet Union further increase the potential interest in these volumes We believe that they will prove useful to members of the Congress in setting policies that affect the questions of American-Soviet relations."¹⁰ The publishing of papers based on studies of scientifically more or less substantiated data concerning the development of the Soviet Union and the other socialist countries, begun in 1959 with the publication of a report entitled "Comparison of the Economies of the Soviet Union and the United States" and now a regular activity, is regarded in the United States as an important element in setting the strategic policy toward the countries of the socialist community, and in adopting the decisions that formulate this policy.

A striking fact in the investigation of vulgar bourgeois political economy's "Sovietological" school is that in recent years a growing proportion of the studies by "Sovietologists" has been particularly of an applied nature. Of course, the ideological ballast typical of "Sovietology" can be found also here. However, a specific characteristic of these studies is that their ideological aspect is not the noticeably dominant one. Consider, for example, the question of the Soviet Union's fuel and power balance that has been debated very heatedly in the "Sovietological" literature, especially the question of

petroleum production. NATO devoted to this topic its 10th colloquium that was held in the spring of 1981. But even this question, entirely specific at first glance, clearly reveals a reactionary anticommunist ideological bias. Such bias is introduced by means of the thesis contending that in the future the Soviet Union will allegedly change from a petroleum-exporting to a petroleum-importing country. On this "basis" the myth is spread of the "Soviet military threat" to the petroleum-producing countries of the Persian Gulf. Hence the growing American military presence in this region is declared to be "fully justified."

What strategic policy toward the Soviet Union and the other countries of the socialist community do bourgeois economists regard as sound and in accord with the Western countries' interests?

A constantly recurring thesis in the "Sovietological" literature is that the development of economic ties with the Soviet Union is detrimental to the national interests of the capitalist countries. For example, Ph. Van der Elst, the author of a monograph entitled "Capitalist Technology for Soviet Survival" and published by the London School of Economics, comes to the following conclusion that is typical of bourgeois theoreticians: "Imported Western technology compensates for the Soviet system's inability to generate significant inventions and innovations . . . and helps to perpetuate Soviet totalitarianism by resolving its internal contradiction."¹¹

Practical recommendations to limit economic relations with the Soviet Union, particularly in the case of so-called high technology, are closely linked to the question of the effectiveness of such measures. While Van der Elst and "Sovietologists" similar to him believe that the desired result can be achieved by introducing various sanctions, a number of other bourgeois authors believe, not without justification, that such measures are not very effective. For example, J. R. Thomas admits: "The most important curbs on the Soviet leadership's use of the external economic factor are of a domestic nature and hence are beyond the Western politicians' control. Since 1975, United States policy toward the Soviet Union has concentrated on denying the Soviet Union most-favored-nation status, Export-Import Bank loans, and the right to acquire certain kinds of high technology. The Soviet Union has been able to easily deprive us of any advantages of this policy, while the lost trade has harmed American business.¹² We in turn have been unable to bar them access to loans and technology."

But, as practice shows, the most reactionary representatives of the financial oligarchy in the United States, whose views are expressed by the present American administration, are more inclined to heed the openly anti-Soviet recommendations of Van der Elst and other bourgeois theoreticians. Having adopted deliberately the false thesis that "practically all the technology the Russians acquire in the West is used in the Soviet armament industry,"¹³ the ruling circles in the United States are exerting maximum effort not only to curb Soviet-American trade, but also to halt entirely the process of developing mutually advantageous economic cooperation between countries that have different social systems. It is a known fact that the American monopolist ruling clique is using this thesis as a pretext to undermine the position of its West European and Japanese competitors.

In their practical recommendations the bourgeois theoreticians frequently switch over from important, but on the whole particular, problems to the justification of a general policy toward the Soviet Union and the other socialist countries. Here two basic lines are being followed, each one relying equally on the "Sovietological" dogmas regarding the "inefficiency" and "nonviability" of socialism.

The first of these basic lines conforms to the general trend of the theories concerning "bridge building" and "the erosion of socialism." Having created an initially monolithic anti-Soviet front of the leading capitalist countries, the advocates of this line propose pursuing a common and coordinated policy of extorting political, economic and other concessions from the Soviet Union, in exchange for access to Western technology. In the final outcome, bourgeois ideologists believe, such a strategy should lead to global results: to the gradual restoration of the capitalist system in the Soviet Union and the other countries of the socialist community.¹⁴

The other basic line is a harder one: it rejects the expediency of developing economic ties with our country. The advocates of this line believe that a "decisive crisis" of the Soviet Union's socialist economy will occur already in the near future. Hence the policy of the countries in the West is to exert constant and comprehensive pressure of maximum intensity on the Soviet Union, in order to hasten this "crisis." Bourgeois theoreticians believe that this requires, besides the curtailment of economic cooperation with the Soviet Union, also drawing it into an economically exhausting arms race, a policy of "balancing on the brink of war" and not fearing even the unfolding of a war. For as, for example, H. Block writes: "in a protracted war, which presupposes equal destruction and an equal will to win, the 'victor' will be the side with the greater economic potential, with the greater productivity, flexibility and innovative ability, . . . wars are won with arms that embody new technology."¹⁵ This thesis is nothing other than the "economic justification" of the adventurous and mankind-hating policy that the present American administration is advocating.

It should be noted that between the advocates of the mentioned two directions there is no clear dividing line of any significance. Based on common theoretical propositions and pursuing the same final objectives, the two directions are close to each other in many respects. Basically the differences between them are only of a tactical nature and do not affect strategy.

In summary, we would like to emphasize two points. First, that the bourgeois economic concepts of real socialism provide a theoretical basis for the elaboration of the imperialist countries' strategic policy toward the Soviet Union and the countries of the socialist community. Secondly, that the scientific inconsistency of "Sovietology" inevitably determines the durability of the strategy built on this foundation. At the same time, the more reactionary the views to which the "Sovietologists" adhere, the farther the imperialist countries' strategy is removed from reality. In this respect the view of Professor G. Kennan, a prominent specialist on American foreign policy, is demonstrably valid. He recently wrote: "The views regarding the Soviet Union that prevail within our administration today I find . . . extremist, subjective and far from anything that a sober study of the surrounding reality suggests. As the

basis of political action, these views are not only ineffective, but also dangerous."¹⁶ One cannot but agree with this sober conclusion.

FOOTNOTES

1. Cf. "Materialy XXVI s"yezda KPSS" [Materials of the 26th CPSU Congress], Moscow, 1981, p 146.
2. Cf. "Materialy Plenuma Tsentral'nogo Komiteta KPSS 14-15 iyuniya 1983 goda" [Materials of 14-15 June 1983 Plenum of the CPSU Central Committee], Moscow, 1983, p 7.
3. Cf. A. Abouchar, "Economic Evaluation of Soviet Socialism," New York, 1979, p. 4; also "The Future of the Soviet Economy, 1978-1985," edited by H. Hunter, Boulder, Colorado, 1978, p 1.
4. Cf. B. Pares, "The Objectives of Russian Study in Britain," THE SLAVONIC REVIEW, London, Vol 1, No 1, 1922.
5. U.S. NEWS & WORLD REPORT, 19 November 1979, p 30.
6. Cf. R. E. Pipes, "The Formation of the Soviet Union Communism and Nationalism," Cambridge, Harvard, 1954; R. E. Pipes, "Russia Under Old Regimen," New York, 1977; etc.
7. Cf. P. A. Nikolayev, "Zloveshchiy al'yans: sovetologiya na sluzhbe psikhologicheskoy voyny" [A Sinister Alliance: Sovietology in the Service of Psychological Warfare], Leningrad, 1980, p 45.
8. Ibid., p 48.
9. "The USSR in the 1980's. Colloquium Held 17-19 January 1978 in Brussels," NATO Directorate of Economic Affairs, Series 7, p 4.
10. "Soviet Economy in Time of Change. A Compendium of Papers Submitted to the Joint Economic Committee, Congress of the U.S.," Government Printing Office, Washington, 1979, Vol 1, p iii.
11. Ph. Van der Elst, "Capitalist Technology for Soviet Survival," London, 1981.
12. J. R. Thomas, "Political-Strategic Factor in Soviet Modernization. Continuity and Change," in "Soviet Economy in a Time of Change," Washington, 1979, Vol 1, p 109.
13. K. S. Smith, "ABC's of Trade With the Soviet Union," U.S. NEWS & WORLD REPORT, Vol 94, No 5, 1983, p 42.
14. Cf. V. Holesovsky, "Economic Systems: Analysis and Comparison," New York, 1977.

15. H. Block, "Soviet Economic Performance in a Global Context," in "Soviet Economy in a Time of Change, p 115-116.

16. Quoted from G. Arbatov, "American Policy in a Land of Dreams," PRAVDA, 16 July 1982.

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